

## HOUSE BILL NO. 197

INTRODUCED BY D. GALLIK

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING INDIVIDUAL INCOME TAX TAXPAYERS TO ELECT TO PAY STATE INCOME TAXES BASED UPON THEIR FEDERAL TAXABLE INCOME AS SHOWN ON THEIR FEDERAL INCOME TAX RETURN; ALLOWING FILING OF STATE TAXES BY MAILING A COPY OF THE TAXPAYER'S FEDERAL INCOME TAX RETURN TO THE DEPARTMENT OF REVENUE; PROVIDING THAT THE TAXPAYER OR THE DEPARTMENT MAY DETERMINE THE AMOUNT OF TAXES; ESTABLISHING AN ADJUSTMENT OF THE GENERAL TAX BRACKETS AND RATES TO WORK WITH FEDERAL FILING STATUS; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Election for tax based upon federal taxable income.** (1) In lieu of the tax imposed under 15-30-103, an individual taxpayer may elect to be taxed based upon the taxpayer's federal taxable income for the current tax year. The tax determined under this section is based solely upon the taxpayer's federal taxable income as shown on the taxpayer's federal income tax form. No adjustments, deductions, exclusions, or credits that may otherwise be provided in state law are available to a taxpayer using the tax method provided for in this section. In the case of a married couple filing jointly for federal income tax purposes, in order to use the method provided in this section both spouses shall elect to file under this section as a married couple filing jointly. The tax determined under this section is upon the taxpayer's federal taxable income at the following rates:

(a) for a single taxpayer, a married taxpayer filing jointly, and every estate or trust, the rates set forth in the income brackets contained in 15-30-103(1)(a) through (1)(j), with income brackets, as adjusted in 15-30-103(2);

(b) for every head of household, the rates set forth in 15-30-103(1)(a) through (1)(j) with each income bracket, as adjusted in 15-30-103(2), multiplied by 1.3; or

(c) for every married individual who made a joint return and for every surviving spouse, the rates set forth in 15-30-103(1)(a) through (1)(j) with each income bracket, as adjusted in 15-30-103(2), multiplied by 2.

(2) (a) A taxpayer paying taxes pursuant to this section shall mail a copy of the taxpayer's federal income tax form to the department together with any tax withholding statements. The taxpayer may, using instructions provided by the department, compute the amount of taxes due, or the taxpayer may request that the department compute the amount of taxes due and bill the taxpayer if additional payments are due or pay a refund to the taxpayer if a refund is owed the taxpayer.

(b) If the taxpayer determines the amount of tax due, the taxpayer shall attach any payment that may be due to the federal tax form that the taxpayer mails to the department.

(c) If the taxpayer chooses to have the department determine the tax due and the department bills the taxpayer, the taxpayer shall pay any billed amount prior to the due date for filing income tax returns under this chapter.

NEW SECTION. **Section 2. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

NEW SECTION. **Section 3. Applicability.** [This act] applies to tax years beginning after December 31, 2001.

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